

State of Michigan



Annual Report to the Governor

Calendar Year 2000



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Calendar Year 2000

Michigan Gaming Control Board
1500 Abbott Road, Suite 400
East Lansing, MI 48823

Submitted April 16, 2001
pursuant to the
Michigan Gaming Control & Revenue Act, as amended
(Public Act 69 of 1997)

Please direct inquiries to
Mr. Eric T. Bush, phone 517-324-8207

This document also available online at
www.state.mi.us/mgcb

STATE OF MICHIGAN



JOHN ENGLER, Governor

MICHIGAN GAMING CONTROL BOARD

1500 Abbott Road

East Lansing, Michigan 48823-1956

Phone: (517) 351-2758 - Fax: (517) 351-6516

Nelson Westrin, Executive Director

April 13, 2001

An Open Letter to Governor John M. Engler and the Michigan Legislature:

On behalf of the Michigan Gaming Control Board, I am pleased to present the Board's annual report for calendar year 2000, pursuant to Section 15(1) of the *Michigan Gaming Control and Revenue Act*, as amended, Public Act 69 of 1997 ("the Act").

This annual report of the Board is submitted not only to comply with the Board's statutory reporting requirements under the Act, but to also provide you with a summary of the Board's significant activities and operations in 2000, as well as an updated progress report on the implementation, licensure and regulation of authorized commercial casino gaming in the City of Detroit under the Act.

By approving Proposal E in the November 1996 statewide general election, Michigan voters adopted and enacted the *Michigan Gaming Control and Revenue Act*. The new voter-initiated law created the Michigan Gaming Control Board to implement, administer and enforce its provisions and authorized the Board to license up to three casinos in the City of Detroit. During 2000, the five appointed members of the Board faithfully carried out our charge under the Act, as amended in 1997, by carefully adhering to the Act's guidelines and requirements. In fulfilling our duties and responsibilities under the Act in 2000, the Board continued to receive invaluable assistance from the Michigan State Police, the Attorney General and the Internal Revenue Service throughout the year.

On October 3, 2000, after thorough review and investigation, the Board renewed the annual casino license of MGM Grand Detroit, L.L.C., pursuant to the Act and Administrative Rules of the Board. Shortly thereafter, on November 8, 2000, the Board completed the required background investigation and public investigative licensing hearing of Greektown Casino, L.L.C., by voting to grant a casino license to Greektown Casino, L.L.C. The license was subsequently issued on November 10, 2000, just prior to the grand opening of the Greektown Casino in Detroit, as the state's third and final authorized licensed commercial casino under the Act.

With the licensure of the Greektown Casino, I am pleased to report that all three commercial casinos authorized by the Act are now licensed and fully operational in the City of Detroit. The three authorized licensed casinos include the MGM Grand Detroit Casino, the MotorCity Casino and the Greektown Casino. I am also pleased to report that several other statutory programs mandated by the Act were also fully implemented and became operational in 2000. Such programs include most notably the Disassociated Persons List Program for individuals needing treatment for compulsive gambling. Under the Program, individuals may be barred from the licensed Detroit casinos by the Board for life, as part of their treatment for compulsive gambling problems, pursuant to their voluntary request. Coupled with the Michigan Department of Community Health's various compulsive gambling programs, the Board's Disassociated Person's List Program provides effective support and treatment for individuals with compulsive gambling problems. To make these various compulsive gambling programs as effective as possible, the Board continued to work very closely with the Department of Community Health, the Bureau of State Lottery and the Michigan Office of Racing Commissioner during calendar year 2000.

Also of note in 2000 was the Michigan legislature's passage of amendatory legislation to enable the Board to disclose casino revenue and tax information to the public during the year.

Although all authorized casinos are now licensed and operational under the Act, and all other mandated statutory programs have been implemented, the Board's responsibilities and duties under the Act do not diminish. Pursuant to its ongoing licensing and regulatory duties and responsibilities under the Act, the Board will continue to vigorously protect the best interests of the state and its citizens by administering and strictly enforcing the requirements of the Act in a fair, honest, lawful and efficient manner. In fulfilling this obligation and commitment, the Board will also continue to do everything it can to ensure that those registered, licensed or otherwise permitted to own, operate, manage, supply, work or participate in gambling operations in the Detroit casinos are eligible and suitable under the Act and conduct their casino gaming-related activities fairly and honestly, and in compliance with state law.

Sincerely,

THOMAS G. DENOMME
Chairman

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Mission Statement

It is the mission of the Michigan Gaming Control Board to license and regulate the conduct of private commercial casino gaming activities in Michigan, in accordance with the Michigan Gaming Control & Revenue Act, as amended, Public Act 69 of 1997, and to monitor the compliance of Native American casino operations in the state with applicable Tribal-State Gaming Compacts, in a fair, honest, and efficient manner, in order to ensure that casino gaming activities and operations are conducted in a lawful manner, and thereby protect the best interests of the people of the State of Michigan.

Introduction

In November 1996, Michigan voters approved Proposal E, authorizing the development of up to three licensed commercial casinos in Detroit. Proposal E subsequently took effect as law on December 5, 1996, as the Michigan Gaming Control & Revenue Act. The voter-initiated act established the Michigan Gaming Control Board (referred to as the "Board" or "MGCB") as a Type I agency within the Michigan Department of Treasury, exclusively responsible for licensing and regulating the three authorized Detroit casinos. In July 1997, the voter-initiated Act was substantially amended by the Michigan Legislature's enactment of Public Act 69 of 1997 (referred to as the "Act"). The amended Act provided for more stringent licensing criteria, and substantially strengthened the licensing and regulatory authority of the Board.

The Board is comprised of five Michigan residents appointed by the Governor, with the advice and consent of the Senate. One member is designated by the Governor as the chairperson. Under the Act, no more than three members may belong to the same political party. The Michigan Legislature vested the Board with certain powers and duties specified in the Act, and such other powers necessary and proper to fully and effectively implement, administer and enforce the provisions of the Act relating to the licensing and regulation of casino gaming in Michigan.

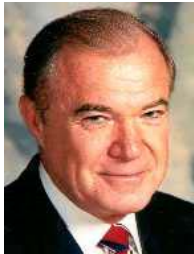
Summary of the Michigan Gaming Control and Revenue Act, as Amended, Public Act 69 of 1997

- Authorizes up to three licensed casinos in the City of Detroit (MGM Grand Detroit Casino was licensed in July 1999; MotorCity Casino was licensed in December 1999; Greektown Casino was licensed in November 2000).
- Creates the Michigan Gaming Control Board (a Type I agency within the Michigan Department of Treasury) and vests with exclusive authority to license, regulate, and control casino gaming in three authorized Detroit casinos.
- Authorizes the MGCB to promulgate necessary administrative rules to properly implement, administer and enforce the amended Act.
- Provides for the licensing, regulation, and control of casino gaming operations, manufacturers and distributors of gaming equipment and supplies, casino employees, and those who participate in gaming.
- Establishes licensing standards and procedures for issuance of casino licenses, casino supplier licenses, and casino employee licenses.
- Imposes civil and criminal penalties for violation of the Act.
- Authorizes and imposes certain taxes and fees on casinos and others involved in casino gaming.
- Provides for the distribution of casino tax revenue for K-12 public education in Michigan, and for capital improvement, youth programs, and tax relief in the City of Detroit.
- Creates certain funds for the operation of the Board to license, regulate and control casino gaming; and funds for compulsive gambling prevention programs and other casino-related State programs.
- Requires certain safeguards by casino licensees to prevent compulsive and underage gambling.
- Prohibits political contributions by certain persons with interests in casino and supplier license applicants and licensees to state and local political candidates and committees.
- Establishes certain requirements and safeguards for members, employees and agents of the Board, license applicants, licensees, and others involved in gaming to prevent conflicts of interest.

The Michigan Gaming Control Board



Thomas Denomme, Chairman



Mr. THOMAS DENOMME, Chairman (one of the five original appointees; reappointed in December 2000 to a four-year term expiring December 31, 2004) - Mr. Denomme retired in 1997 as the vice-chairman and chief administrative officer of what is now Daimler Chrysler. He is a director of Masco Corp., Pro-Air Inc., and of Beaumont Hospital. Mr. Denomme has served on the Board of Trustees of the University of Detroit Mercy, as a trustee of the Detroit Investment Fund, and as past-chairman of the Michigan Thanksgiving Parade Foundation. He resides in southeast Michigan.

Ms. Paula Blanchard



Ms. PAULA BLANCHARD (one of the five original appointees; reappointed in 1999 to four-year term expiring December 31, 2003) - Ms. Blanchard is Michigan's former First Lady, and has vast experience in business, public relations and politics. She is a regional director of communications for EDS Corporation. She is a member of the Corporate Relations Committee of the Detroit Institute of Arts, and the Detroit Chapter of the Public Relations Society of America. In 1990, Ms. Blanchard was recognized by *Crain's Detroit Business* as one of Detroit's 15 Most Successful Women Executives, and has been honored by Michigan State University as a Distinguished Alumni. She resides in southeast Michigan. Ms. Blanchard voluntarily resigned from the Board in December 2000.

Hon. Michael Stacey



Hon. MICHAEL STACEY (one of the five original appointees; reappointed in 1998 to four-year term expiring December 31, 2002) - Retired from Wayne County Circuit Court in 1994, Judge Stacey has remained active by assisting with alternative dispute resolution and by serving as a visiting judge. He resides in southeast Michigan.

Mr. Rich Davis



Mr. RICH DAVIS (one of the five original appointees; reappointed in 1999 to four-year term expiring December 31, 2003) - Mr. Davis is the former director of the Michigan Department of State Police, attaining the rank of Colonel before his retirement in 1991. He began his career in law enforcement in 1958. He is a graduate of the FBI National Academy, FBI National Executive Institute, Michigan State University and Western Michigan University. Mr. Davis retired from the Michigan Trucking Association in January 1999. He resides in northern Michigan.

Hon. Geraldine Bledsoe Ford



Hon. GERALDINE BLEDSOE FORD (originally appointed in March 1999; reappointed in December 2000 to a four-year term expiring December 31, 2004) - Judge Ford retired in December 1998 from the Third Judicial Circuit Court of Michigan after an illustrious 46-year career in law which began in private practice with her father, the late activist and attorney Harold Bledsoe. She is the first African American female judge in Michigan, the first African American woman to serve as an assistant US Attorney General, and the first African American woman to serve as an assistant corporation counsel for the City of Detroit. She was graduated from the University of Michigan and Wayne State University. Judge Ford resides in Detroit.



Activities of the Board



In calendar year 2000, the five-member Board was comprised of the following gubernatorial appointees:

- **Mr. Thomas Denomme**, Chairman (reappointed in December 2000 to a four-year term expiring December 31, 2004).
- **Ms. Paula Blanchard** (reappointed on December 31, 1999, to a four-year term expiring December 31, 2003; voluntarily resigned in December 2000).
- **Mr. Rich Davis** (reappointed on December 31, 1999, to a four-year term expiring December 31, 2003).
- **Hon. Geraldine Bledsoe Ford** (reappointed in December 2000, to a new four-year term expiring December 31, 2004).
- **Hon. Michael Stacey** (reappointed in December 1998, to a four-year term expiring December 31, 2002).

From its inception, the Board has encouraged public input regarding its policies, procedures, and activities related to licensing and regulating Detroit casinos. To inform and receive input from the public, the Board held eight public meetings in 2000. The meetings were held during evening hours to facilitate public attendance and participation. At its public meetings, the Board not only conducted its official business, but also provided the public and news media with ample opportunity to ask questions and offer comment regarding casino gaming issues, and the Board's relevant policies, procedures and activities.

In 2000, the Board met on the following dates at locations within the City of Detroit:

*February 15, 2000
April 18, 2000
*May 16, 2000
*June 13, 2000
July 11, 2000
August 8, 2000
September 12, 2000
October 3, 2000

* After the public meeting, the Board adjourned to Closed Session to review confidential materials that were part of Casino License applications, and thus protected from public review and disclosure under the Michigan Gaming Control & Revenue Act, as amended (Public Act 69 of 1997; MCL 432.201, Section 4c). Closed Sessions are not open to the public, nor are minutes of such sessions available to the public, under Michigan's Open Meetings Act, as amended (Public Act 267 of 1976). All Board meetings, whether open or closed, are held in accordance with Michigan's Open Meetings Act. The role of the Board is to implement, administer, and enforce the Act. It is the Board's responsibility to assure that legalized casino gaming be conducted in a fair, honest and lawful manner, in the best interest of the citizens of our state, in accordance with Michigan law.

BOARD RESOLUTIONS

The Board has found it necessary to adopt various Resolutions in order to establish and publish various policies for conducting its day-to-day duties and responsibilities under the Act. In calendar year 2000, the Board adopted two Resolutions:

- **Resolution No. 2000-01** (Adopted 5-16-00) - A Board Resolution Authorizing The Executive Director To Issue Temporary Supplier Exhibitor Licenses To Manufacturers, Distributors And Suppliers Of Gaming Devices And Equipment And Other Gaming-Related Goods and Services Permitting Them To Exhibit Such Gaming Devices And Equipment At The Northern Gaming Summit To Be Held In The City Of Detroit's Cobo Convention Center On September 11-13, 2000.
- **Resolution No. 2000-02** (Adopted 6-13-00) - A Board Resolution and Order Granting Temporary Field of Commerce Supplier Licensing Exemptions to Michigan Providers of Special Entertainment and Promotional Facilities and Services; Entertainers, Sports Figures and Other Celebrities Engaged by Casino Licensees to Appear at Special Casino-Sponsored Events; and Michigan Providers of Lodging and Hospitality Facilities and Services.



Notable Board Accomplishments



In calendar year 2000, the Board and its staff achieved many notable accomplishments.

- Issued 6 temporary Supplier Licenses while background investigations of Supplier License applications continue, pursuant to the Act, the Board's Administrative Rules, and Board Resolution No. 1998-07 (31 temporary gaming Supplier Licenses and 12 temporary nongaming licenses have been issued since the MGCB began licensing Suppliers in 1998).
- Registered 233 unlicensed vendors, authorizing them to provide goods and services to casino license applicants and licensees for development, construction and operation of their temporary casino operations, in accordance with the Act and Board Resolution No. 1998-07 (1,016 vendors have been registered since the MGCB began issuing Vendor Identification Numbers in 1998).
- Exempted 78 businesses/agencies from supplier licensing requirements, pursuant to the Act and Administrative Rules of the Board through 2000 (1999 was the first year in which such exemptions were granted).
- Renewed the annual casino license of MGM Grand Detroit, L.L.C., on October 3, 2000, pursuant to the Act and Administrative Rules of the Board.
- Assisted by the Michigan Department of State Police Gaming Section and the Michigan Attorney General Casino Control Division, completed statutorily required background investigations on the third Detroit Casino license applicant, Greektown Casino, LLC, ("Greektown") and its key investors and managers, in accordance with the Act. Conducted Public Investigative Hearings for Greektown Casino, LLC and subsequently issued the state's third and final authorized casino license to Greektown on November 10, 2000, authorizing Greektown to conduct casino gaming as "Greektown Casino" in Detroit, in accordance with the Act.
- Issued over 6,000 temporary Occupational Licenses, in accordance with the Act, allowing the licensed individuals to work in licensed occupations as employees of casino or supplier license applicants or licensees, pending completion of their required background investigations and issuance of a full two-year occupational license.

- Issued 142 full occupational licenses and denied a total of 111 occupational license applications; after completion of the required background investigations of the license applicant.
- Conducted and decided a total of 23 contested case hearings on appeals from preliminary orders denying occupational license applications.
- Placed Sharwon Dosky as the first person on the Board's Exclusion List pursuant to the Act and Administrative Rules of the Board, indefinitely prohibiting Mr. Dosky from entering any licensed Detroit Casino, until further order of the Board or court order to the contrary.
- Worked closely with the Michigan Department of State Police Gaming Section in the regulation and daily monitoring of business operations and casino gaming activities at all three Detroit casinos, the MGM Grand Detroit Casino, MotorCity Casino, and Greektown Casino, in accordance with the Act.
- Reimbursed all operational costs of the Michigan State Police Gaming Section and the Attorney General Casino Control Division for requested investigative and legal assistance provided to the MGCB in 2000, pursuant to the Act.
- Conducted eight (8) public meetings within the City of Detroit, providing the public ample opportunity to offer comment in regard to proposals and activities of the MGCB and Michigan's casino gaming industry.
- Developed and made available to the public numerous brochures explaining the casino licensing process; the casino employee and supplier licensing process; the casino vendor registration requirements; the supplier licensing exemption process; and the political contribution restrictions for casino and supplier license applicants and licensees under the Act. Also, "frequently asked questions" brochures for Denial/Exclusion Hearings and Disassociated Persons List were developed and disseminated.
- Provided timely and accurate information to thousands of visitors to the Michigan Gaming Control Board internet website (www.state.mi.us/mgcb).

Minors and Compulsive Gambling



ANNUAL UNDERAGE AND COMPULSIVE GAMBLING STUDIES

Section 15(2) of the Michigan Gaming Control and Revenue Act, as amended, requires that each casino licensee conduct an annual study on minors and compulsive gaming. Section 15(1) of the Act further requires that the Board include certain information regarding minors on casino premises, which each licensee must compile as part of their annual study. Following is a summary chart of the required information compiled and reported by each of the three Detroit casino licensees in their respective annual studies on minors and compulsive gaming pursuant to the Act. It should be noted that the MGM Grand Detroit Casino was initially licensed and opened to the public on July 29, 1999; the MotorCity Casino was first licensed and opened on December 14, 1999; and the Greektown Casino was licensed and commenced operations on November 10, 2000. Since 2000 was the first full year in which the MGM Grand Detroit Casino and MotorCity Casino operated, their respective annual studies for 2000 also cover portions of the year 1999, during which they were initially licensed and operated.

CASINO LICENSEES' REPORTED CONTACTS WITH MINORS ON LICENSED CASINO PREMISES (1999 - 2000)

Casino	MGM Grand (7/29/99 - 12/31/00)	MotorCity (12/14/99 - 12/31/00)	Greektown 11/10/00 - 12/31/00
1. The number of minors who were denied entry into the casino.	2,923*	14,243**	95
2. The number of minors who were physically escorted from the casino premises.	20	29	4
3. The number of minors who were detected participating in gambling games other than slot machines.	9	2	0
4. The number of minors who were detected using slot machines.	17	5	0
5. The number of minors who were taken into custody by a law enforcement agency on the casino premises.	28	29	0
6. The number of minors who were detected illegally consuming alcohol on the casino premises.	2	1	0

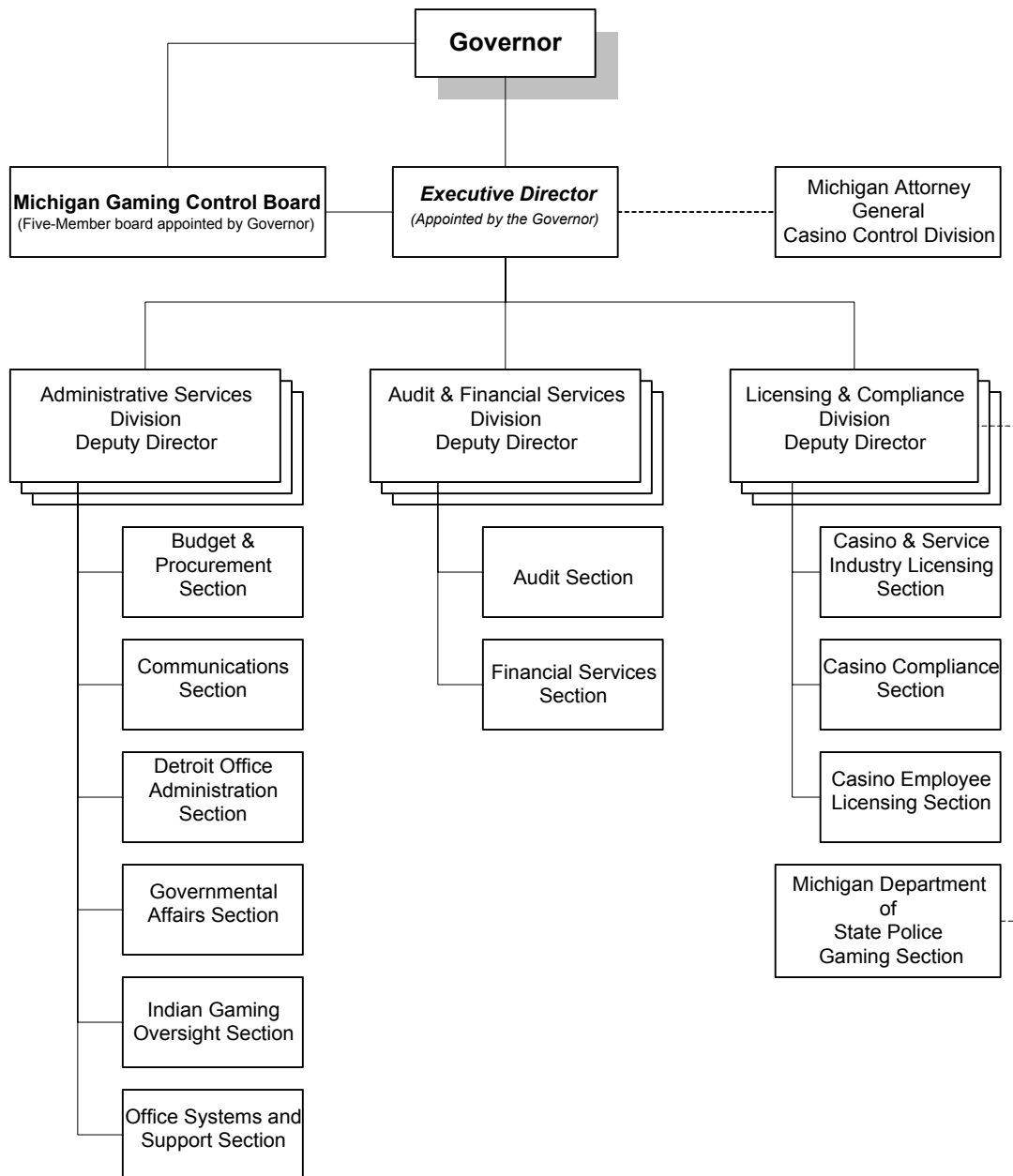
*MGM also reported that 10,462 were denied access because they presented insufficient I.D.

**MotorCity figures include individuals denied access because they presented insufficient I.D.

Michigan Department of Treasury

Michigan Gaming Control Board Organizational Chart

2000



MGCB Staff



Executive Director
Executive Assistant

Mr. Nelson Westrin
Ms. Patty James

Administrative Services Division

Deputy Director
Executive Assistant
Accountant
Budget Officer
Detroit Office Administrator
Detroit Office Secretaries:
*Ms. Donna Davis
Ms. Sophia Griffin

Ms. Sandra Johnson
Ms. "Stina" Lyles
*Ms. Simona Richardson

Ms. Nancy Horton
Ms. Tammy Tubbs
Mr. Robert Simon
Ms. LeAnn Droste
Mr. Larry Smith

Documents & Records Assistants

Ms. Vita Blocker
Ms. Brandy Crittenden
Ms. Robyne McCray
Mr. Dan Ostrom
Ms. Sharise Johnson-Smith
Mr. Greg Campbell
Mr. Charlie Marengo
Mr. Tom Barker
Mr. Joe Welz
Ms. Jennifer Bliss
*Mr. Richard Sheaffer
Mr. Philip DuLong
Ms. Marina Kotsifis
Mr. Robert Nelson
Mr. Eric T. Bush
*Ms. GERALYN Fedewa
*Ms. Janet Sudac

Documents & Records Specialist
Documents & Records Technician
Information Systems Analysts

Information Systems Program Manager
Information Systems Programmer
Native American Gaming Oversight Staff
Native American Gaming Oversight Staff Auditor
Network Administrator
Procurement Analyst
Communications Director
Public Affairs Director
Receptionist
Receptionist

Audit and Financial Services Division

Deputy Director
Executive Assistant
Casino Audit Section Manager
Casino Auditors:
Ms. Vanessa Askew

Mr. Stratford Johnson

Mr. Ben McMakin
Ms. Laurie Lander
Mr. John Page

Ms. Theresa Willis
Mr. Michael Wyn

Financial Analyst
Financial Specialist
Information Systems Auditor

*Mr. Robert Peltier
Mr. Rae Jim Burnett
Mr. Rajesh Dharia

Licensing and Compliance Division

Deputy Director
Executive Assistant

Mr. Tom Nelson
Ms. Kara Kabia

Casino & Service Industry Licensing Section Manager	Ms. Carol Flores	
Casino Compliance Section Manager	Mr. Pat Leen	
Casino Employee Licensing Section Manager	Mr. Nick Alagna	
Compliance Officers	Ms. Myra H. Brown	
	Ms. Tina Calamita	
	Mr. John Trafelet	
Departmental Technicians:		
Mr. Charles Benson	Ms. Marcia Kibby	Mr. Gary Washington
Ms. Charlotte Davidson	Mr. Aaron Pongracz	
Ms. Sharon Henderson	Ms. Denise Reece	
Gaming Laboratory Engineer		Mr. Nader Jadallah
Gaming Laboratory Secretary		Ms. Beverly Kimbrough
Gaming Specialist		Mr. Tom Bucia
Licensing Section Secretary		Ms. Melissa Goodnoe
Regulation Officers:		
Ms. Pam Aungst	*Mr. Dan Fields	Ms. Gretchen Mink
*Ms. Lisa Badalamenti	*Mr. Paul Flaherty	*Mr. Greg Nagel
Mr. Barry Beck	Ms. Lisa Haubrick	Mr. Rick Percy
*Mr. Robert Braner, Jr.	Ms. Mildred Holmes	*Mr. Randell Schnotala
*Mr. Paul Brown	*Ms. Stacey Johnson	Mr. Dale Thibodeau
Ms. Pam Duke	Mr. Cedric Knott	Mr. Scott Thomas
*Ms. April Edmonds	*Mr. Warren Lamb	Mr. Joshua Travis
Mr. Gary Elliott	Ms. Ginger Lewis	Mr. Thomas Wilson
	Ms. Laura McDonald	

**Joined MGCB staff in 2000*

The Michigan Attorney General and Michigan Department of State Police assigned specialized units to assist the MGCB in carrying out its statutory duties under the amended Act. The MGCB acknowledges the cooperation and assistance of these agencies and their respective staff members.

Michigan Attorney General, Casino Control Division

Assistant Attorney General in Charge	Mr. Eric Eggan
Division Head Secretary	Ms. Diane Pittman
Legal Secretary	Ms. Randalyn Jegla
First Assistant Attorney General	Mr. John M. "Jack" Cahill
Assistant Attorneys General	Ms. Teresa A. Bingman
	Ms. Musette A. Michael

Michigan Department of State Police, Gaming Section

Inspector	Dewayne Brantley	
Detective First Lieutenants	Darwin Scott	
	Ellis Stafford	
Ms. Joy Curry	Ms. Latanya Davis	Ms. Khristine Dyer
Computer Technician		Mr. Ken Scroi
Detective Sergeants:		
Art Andrews	Robert Honey	Eric Old
Robin Coppens	Vicki Johnson	Brian Sparks

Kelly Goynes
Joe Hanley
Detective Specialists:
Barbara Bebout
Kyle Bowman
Derrick Carroll
Sue Cato
Emerson Cox
Jason Davenport

Frank McCrary
Marva Moore

Marcel Garcia
Richard Gilbert
Linda Jordan
Mark Kellar
Frank Little
Mindy Logan

Al Veal

Theresa Maylone
Charles Morehead
Trudy Rampy
Debra Stone
Shawn Thrower
Tracey Walton



Board Revenues and Expenditures



State Services Fee Fund

Section 12a of the Act, MCL 432.212a, provides that all regulatory and enforcement costs, compulsive gambling programs, and other casino-related programs and activities conducted by the Michigan Gaming Control Board, the Michigan Department of State Police, the Michigan Department of Attorney General, the Michigan Department of Community Health and other state agencies shall be paid by annual state services fees paid by licensed casinos under the Act. The total annual state services fee assessment for the first year in which any casino licensee begins operations shall be \$25,000,000.00, with each licensed casino responsible for one-third of the total annual assessment (or \$8,333,333.33). After the first year in which any licensed casino begins operations, the annual state services fee assessment shall be adjusted annually by multiplying the annual assessment for the preceding year by the Detroit consumer price index for the immediate preceding year, as defined and reported by the US Department of Labor, Bureau of Labor statistics.

The Michigan Gaming Control Board is empowered to assess fines as part of any disciplinary action it may take against a license applicant or licensee for violation of the Act or Administrative Rules of the Board.

Section 15 of the Michigan Gaming Control and Revenue Act, as amended, 1997 PA 69, MCL 432.215, requires that the Board include in its Annual Report an account of its financial position and results of operation under the Act. While the Board, like all state agencies, operates on a fiscal year (October 1 - September 30) basis, the Act requires that the Board's Annual Report be based on the calendar year. For the reader's convenience, both reporting years are shown here (figures rounded to nearest Thousand).



Board Revenues and Expenditures

(amounts in thousands)

	Fiscal Year 2000	Calendar Year 2000
REVENUES *		
State Services Fee Fund		
Annual Assessments	16,891.7	25,450.0
Application Fees	2,272.8	1,538.8
<u>License Fees:</u>		
Casinos	50.0	50.0
Occupational	13.8	15.4
Other	10.2	13.3
Native American Casino Fund		
Oversight Fees	155.0	216.5
Lab Fund		
Testing Fees	152.8	191.4
Total Revenue	19,546.3	27,475.4
EXPENDITURES		
State Services Fee Fund		
Board	20.7	17.5
Administration	8,071.7	8,171.9
Background investigations	569.4	547.7
Native American Casino Fund	154.3	160.4
Lab Fund	249.4	243.9
Total Expenditures	9,065.4	9,141.3
OPERATING TRANSFERS		
State Services Fee Fund		
State Police	4,106.0	3,897.4
Attorney General	597.5	597.5
Community Health	1,333.3	2,666.7
Other	144.2	144.2
Native American Casino Fund	0.7	0.7
Total Operating Transfers	6,181.8	7,306.5
Gross Expenditure	15,247.2	16,447.8

* Revenue collected was in the form of annual assessments, license fees, application fees, oversight fees, and testing fees. Application fees were received from casinos, suppliers, and occupational licensees, which supported expenditures incurred for conducting background investigations. Oversight fees were received from Native American owned casinos for costs incurred to ensure compliance with the related compacts. Testing fees were received from manufacturers of gaming devices for tests performed to determine compliance with applicable state laws and rules.

Footnotes:

1. Department of Management and Budget-Office of Financial Management, reviewed and approved data as published.
2. Beginning October 1, 2000 operating transfers were used only for transfers to the Compulsive Gaming Prevention Fund, in accordance with Office of Financial Management policy.



Casino Revenues & State Wagering Taxes



CASINO WAGERING TAX

The Michigan Gaming Control & Revenue Act, as amended (Public Act 69 of 1997), requires each Detroit casino to pay, among other fees and taxes, a State Wagering Tax which amounts to 8.1% of each casino's Net Win. Sometimes referred to as Adjusted Gross Receipts, the Net Win is a casino's gross receipts, less winnings paid to wagerers. From the Net Win, a casino pays fees and taxes, employee wages and benefits, and other costs related to operating a casino.

The State Wagering Tax is paid daily by each Detroit casino through an electronic funds transfer to the State. The entire amount is deposited into the School Aid Fund for statewide K-12 classroom education.

Casino Revenues & Taxes 1999

	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		(All Detroit Casinos)	
Month	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Gross Receipts	Total State Wagering Tax (8.10%)
July	\$4,818,554.11	\$390,302.88	-	-	-	-	\$4,818,554.11	\$390,302.88
August	\$35,206,963.97	\$2,851,764.08	-	-	-	-	\$35,206,963.97	\$2,851,764.08
September	\$33,951,508.55	\$2,750,072.19	-	-	-	-	\$33,951,508.55	\$2,750,072.19
October	\$34,457,655.34	\$2,791,070.08	-	-	-	-	\$34,457,655.34	\$2,791,070.08
November	\$33,753,191.20	\$2,734,008.49	-	-	-	-	\$33,753,191.20	\$2,734,008.49
December	\$31,491,239.05	\$2,550,790.36	\$14,759,589.25	\$1,195,526.73	-	-	\$46,250,828.30	\$3,746,317.09
Total	\$173,679,112.22	\$14,068,008.09	\$14,759,589.25	\$1,195,526.73	-	-	\$188,438,701.47	\$15,263,534.82

Casino Revenues & Taxes 2000

	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		(All Detroit Casinos)	
Month	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Gross Revenues	Total State Wagering Tax (8.10%)
January	\$32,458,134.63	\$2,629,108.91	\$22,742,714.82	\$1,842,159.90	-	-	\$55,200,849.45	\$4,471,268.81
February	\$30,953,211.30	\$2,507,210.12	\$23,033,091.15	\$1,865,680.38	-	-	\$53,986,302.45	\$4,372,890.50
March	\$37,511,192.05	\$3,038,406.56	\$25,177,767.41	\$2,039,399.16	-	-	\$62,688,959.46	\$5,077,805.72
April	\$34,198,920.36	\$2,770,112.55	\$25,988,688.06	\$2,105,083.73	-	-	\$60,187,608.42	\$4,875,196.28
May	\$33,765,674.10	\$2,735,019.60	\$26,550,564.81	\$2,150,595.75	-	-	\$60,316,238.91	\$4,885,615.35
June	\$31,422,116.80	\$2,545,191.46	\$27,390,357.23	\$2,218,618.94	-	-	\$58,812,474.03	\$4,763,810.40
July	\$36,528,965.25	\$2,958,846.19	\$29,794,583.93	\$2,413,361.30	-	-	\$66,323,549.18	\$5,372,207.48
August	\$33,160,279.83	\$2,685,982.67	\$28,565,714.45	\$2,313,822.87	-	-	\$61,725,994.28	\$4,999,805.54
September	\$34,396,641.93	\$2,786,128.00	\$28,003,948.71	\$2,268,319.85	-	-	\$62,400,590.64	\$5,054,447.84
October	\$34,143,474.63	\$2,765,621.45	\$29,011,313.79	\$2,349,916.42	-	-	\$63,154,788.42	\$5,115,537.86
November	\$28,945,346.53	\$2,344,573.07	\$26,729,451.67	\$2,165,085.59	\$13,636,392.00	\$1,104,547.75	\$69,311,190.20	\$5,614,206.41
December	\$29,751,377.52	\$2,409,861.58	\$22,758,778.35	\$1,843,461.05	\$17,014,267.55	\$1,378,155.67	\$69,524,423.42	\$5,631,478.30
Total	\$397,235,334.93	\$32,176,062.13	\$315,746,974.38	\$25,575,504.92	\$30,650,659.55	\$2,482,703.42	\$743,632,968.86	\$60,234,270.48

Legislation in 2000



Legislation effecting MGCB operations

The 90th Legislature of the State of Michigan passed *Public Act 308* in the year 2000. The Act amended section 28 of the Revenue Act (*P.A. 122 of 1941*) and became effective October 16, 2000.

Issue: Disclosure of Casino Revenues & Wagering Taxes paid by Detroit Casinos

The various state taxes administered by the Michigan Department of Treasury include the wagering tax that is paid by Detroit casinos licensed under the Michigan Gaming Control and Revenue Act (*P.A. 69 of 1997, as amended*), and were subject to the nondisclosure provisions of the Revenue Act. In order to allow public disclosure of Detroit casino revenues and taxes, an exception had to be made to the Revenue Act's confidentiality requirements. This was accomplished by *P.A. 308 of 2000*.

Content: *P.A. 308 of 2000* amends the Revenue Act to allow disclosure of the "adjusted gross receipts" and the "wagering tax" paid by a Detroit casino licensee, licensed under the Michigan Gaming Control and Revenue Act, pursuant to any of the following:

- Authorization by the executive director of the Gaming Control Board.
- Section 18 of the Revenue Act (which requires the Department of Treasury to publish an annual report of statistical data on revenue collections).
- Sections 341, 342, and 386 of the Management and Budget Act. (The State budget director must prepare and control the State budget, and evaluate State programs and financial resources; revenue estimating, and prepare monthly financial reports, including a statement of monthly revenue collections.)¹

The law also defines "adjusted gross receipts" and "wagering tax" as those terms are defined under the Michigan Gaming Control and Revenue Act. ("Adjusted gross receipts" means gross receipts minus winnings paid to wagerers. The "wagering tax" is the 18% tax levied on a casino's adjusted gross receipts.)

Outcome: The Michigan Gaming Control Board posts the Detroit casino revenues and wagering taxes paid to the state of Michigan monthly on the MGCB website.

¹ *Senate Fiscal Agency*



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